

SIBL Islamic Credit Card
COVERS THE WORLD AROUND YOU

* ফ্রি অনলাইন সেবা
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

Star BUSINESS

DHAKA TUESDAY FEBRUARY 21, 2017, FALGUN 9, 1423 BS

Taka's depreciation on the horizon, StanChart says

STAR BUSINESS REPORT

Standard Chartered Bank has predicted a modest depreciation of the domestic taka against the US dollar this year and the next, as it remains overvalued in comparison to peers.

"Depreciation of taka is desirable for the economy," said Divya Devesh, SCB's strategist for the Asian foreign exchange market, at a media briefing held at the capital's Westin Hotel recently.

Most of the Asian currencies have depreciated against the dollar in recent years, but taka remains exceptionally strong, which is not sustainable, he said.

Subsequently, the British bank predicted that a dollar will trade at Tk 80 this year and Tk 83 in 2018.

Yesterday, a dollar traded at Tk 79.3, according to the Bangladesh Bank.

A team from SCB's global research division led by its head Dave Murray visited Bangladesh last week.

The team touched on the implications of the new US administration's protectionist leanings and the rise in nationalist parties in some European countries on the emerging markets.

Most of the policy changes in the US would be made to prop up the US dollar, Murray said, adding that there would be expansionary policies that would lead to higher interest rates and a stronger dollar.

"You are likely to see a tighter monetary

environment developing now and this has some headwinds for emerging markets," he added.

But Bangladesh's apparel exports to the US will not be affected by any new policy taken, said Thomas Costerg, a senior economist at SCB.

New American President Donald Trump's policy will not affect growth before next year, he said, adding that the US will raise some tariffs in selected sectors, such as manufacturing, electronics, auto and parts.

"There may be some misunderstandings between the US and its trade partners."

Costerg tipped the global economy to grow 1.9 percent this year, up from 1.6 percent it had managed last year.

The markets will see uncertainties, in response to which risk-aversion measures will be taken, Murray said.

But, there are massive opportunities for those economies willing to take a step forward to take the challenge of more trade and economic activities, he added.

Over at South Asia, the macroeconomic fundamentals are good riding on the low oil prices, said Saurav Anand, a research analyst at SCB. Though the Bangladesh economy has been growing at more than 6 percent, it has potential to grow at an even higher rate.

But for that, bottlenecks related to infrastructure, power and the ease of doing business need to be addressed, he said, adding that private sector investments need to pick up as well.

Ctg port faces lengthy container congestion

DWAIPAYAN BARUA, Ctg

Chittagong Port has been facing problems in clearing imported containers, particularly those imported by single importers, for the last three months because of strained handling facility at the country's port.

The congestion has led to disruption in the overall container handling operation of the port, which accounts for more than 90 percent of the country's international trade.

To ease the pressure, the Chittagong Port Authority (CPA) in December raised the rent on storage, which is charged after expiry of the four-day free storage service. But the temporary measure has apparently failed to yield any positive outcome.

Stakeholders blamed the lengthy assessment and examination procedures at the customs-end and the lack of adequate number of container handling equipment for the congestion.

The situation worsened further earlier this month when the number of containers brought in by single importers, known as FCL, lying in the port yards hit as high as 32,000 TEUs (twenty equivalent units) against the port's capacity of 24,105 TEUs.

As of yesterday, a total of 27,504 TEUs of FCL containers were stockpiled at the port yards, according to the traffic department of the CPA.

This prompted the port authority to keep FCL containers outside



Containers pile up in Chittagong Port largely because of the port's limited capacity to clear a large volume of cargoes and lengthy assessment procedures. The photo was taken recently.

the designated areas or in the delivery areas in order to ensure the timely sailing off vessels, which also hampered the overall container handling operation of all import containers.

A total of 29,925 TEUs import containers were laying at the port till yesterday whereas the designated space for such containers could accommodate only 26,857 TEUs.

On February 5, the CPA sent

letters to port users such as shipping agents and freight forwarders asking them to compel importers to take the delivery of their cargoes at the earliest possible time. But the scenario has not come to the satisfactory stage yet.

Khairul Alam, director of Bangladesh Freight Forwarders Association, blamed the lengthy value assessment process and examination of cargoes by the Custom

Cooking oil imports likely to drop

US Department of Agriculture forecasts on Bangladesh

SOHEL PARVEZ

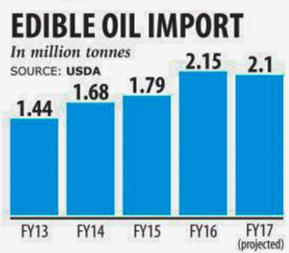
Cooking oil imports in Bangladesh may drop 2.33 percent to 2.10 million tonnes in fiscal 2016-17, according to the US Department of Agriculture -- a forecast that has been disputed by industry insiders.

Import may rise to 2.2-2.3 million tonnes this fiscal year, said Tariq Ahmed, director of operations and marketing of TK Group of Industries, a major oil importer.

"People nowadays take more protein, poultry and fish due to a rise in their purchasing power. This automatically leads to an increase in edible oil consumption," he added.

Bangladesh, with its 16 crore population and rising industrial demands, consumed 2.31 million tonnes of vegetable oil in fiscal 2015-16, up 11 percent year-on-year.

Total consumption is expected to rise to 2.52 million tonnes during the current fiscal year, according to the USDA.



READ MORE ON B3

Govt's borrowing falls on slow ADP spending

REJAUL KARIM BYRON

The government's net domestic borrowing in the first five months of the fiscal year was only 23.8 percent of the budget target owing to slow spending on annual development programme.

Between the months of July and November of last year, the government's net domestic borrowing was Tk 14,666 crore against the budgetary target of Tk 61,548 crore for fiscal 2016-17, according to data from the central bank.

At the beginning of a fiscal year, the government's spending, especially on development works, remains slow, said a finance ministry official.

Development spending from the government's own funds in the first five months of fiscal 2016-17 stood at about 21 percent of the total allocation, according to data from the Implementation Monitoring and Evaluation Division.

Non-development spending though is much lower, which was 15.37 percent of the total allocation in the first three months.

"The growth in revenue has been good, so the government has to borrow less from domestic source," the finance ministry official said.

However, the government has not borrowed a single taka from the banking system; rather, it repaid Tk 6,702 crore, thanks to the huge sales of savings instruments during the July-November period.

In fiscal 2016-17, the government's target for borrowing from the banking system is Tk 38,938 crore.

On the other hand, net non-bank government borrowing through savings instruments during the five-month period was Tk 21,368 crore -- against the entire year's target of Tk 22,610 crore.

The rate of interest on savings instruments is now more than dou-

ble than that on bank deposits, said a Bangladesh Bank official. As a result, savers are flocking to buy savings instruments.

At present, the rate of interest on savings instruments is around 12 percent, whereas the rate of interest on bank deposit is almost below 6 percent -- lower than the average inflation rate.

Savers now encash money after maturity of a deposit scheme to buy savings instruments, said an official of Sonali Bank.

In the first five months of the fiscal year, various savings instruments amounting to Tk 28,862 crore were sold, up almost 50 percent year-on-year.

"Subsequently, the government's high cost borrowing is soaring," the BB official said.

In the first five months of the fiscal year, the government repaid Tk 5,850 crore as interest on savings instruments, which was Tk 4,352 crore a year earlier.

Second undersea cable to be launched today

Bangladesh won't be benefitted as back lines are not ready yet

MUHAMMAD ZAHIDUL ISLAM

Bangladesh Submarine Cable Company Ltd (BSCCL) is going to inaugurate its second undersea cable connection from Turkey to Kuakata in the country today, but its back link connectivity from the landing station to the main land is yet to be established.

Parvez M Ashraf, project director of the second submarine cable landing station, said they are ready to launch the cable -- SEA-ME-WE 5 -- as its construction is complete.

Md Monwar Hossain, managing director of BSCCL, who is now in Turkey to attend the management meeting of the consortium, will send data traffic to Bangladesh through this cable and inaugurate it, said Ashraf.

However, internet users in the country will not be able to enjoy connectivity just yet, as the backhaul from Kuakata to Dhaka is not yet ready, which will take at least a few more weeks.

Abu Saeed Khan, senior policy fellow of LIRNEasia, a Colombo-based ICT think tank, said activating a submarine cable without the onshore transmission link is like inaugurating a seaport that does not have a road or rail linkage.

"The launching of SEA-ME-WE 5 in Bangladesh means that hundreds of gigabits of invaluable international bandwidth will stagnate at the Kuakata cable landing station, while the country badly needs it for internal use as well as for export to Bhutan and India," said Khan, also a former secretary general of the Association of Mobile Telecom Operators of Bangladesh.

State owned Bangladesh Telecommunications Company (BTCL), which is establishing the connectivity from the landing station to Dhaka, has awarded the work order to another state owned company -- Telephone Shilpa Sangstha (TSS) -- in December, depriving the original tender winner.

TSS then engaged a subcontractor -- Indian company Tejas Networks, but this is its first time building this type of a cable. "Right now, we can say that we are establishing the link soon, but we can't mention a timeframe," said Mir Mohammed Morshed, director of public relation at BTCL.

On the other hand, although BSCCL is preparing to launch the cable today, the SEA-ME-WE 5 consortium already launched it on January 16 in a ceremony in Honolulu, Hawaii.

READ MORE ON B3

Focus on regional ties: Debapriya

STAR BUSINESS REPORT

Bangladesh needs to adopt a sub-regional policy to strengthen border connectivity and face the challenges that are predicted to come from the uncertain world in the near future, said Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue.

When the world is in a turbulent transition amid chaotic conflicts among Muslim-majority countries, Brexit and the US presidential election, Bangladesh should look at the neighbouring countries to strengthen business relations, said Bhattacharya.

He delivered a lecture -- World Economic Forum 2017 (responsive and responsible leadership) - post-summer 'food for thought' for Bangladesh -- organised by the School of Business of the University of Liberal Arts Bangladesh in the city yesterday.

Bangladesh is increasing its sub-regional co-operation through BBIN, BCIM, and BIMSTEC, as Saarc is almost dysfunctional at present because of a conflict between countries such as India, Pakistan and



Debapriya Bhattacharya

Afghanistan, he said.

BBIN is a sub-regional initiative to improve economic co-operation and connectivity among four South Asian countries -- Bangladesh, Bhutan, India and Nepal.

BCIM is a forum for regional cooperation among Bangladesh, China, India and Myanmar, while BIMSTEC (Bay of Bengal

Initiative for Multi-Sectoral Technical and Economic Cooperation) is another platform of this kind.

The regional concept is becoming broader and now China is becoming an important player, Bhattacharya said.

Bangladesh is lucky for its geostrategic location, as it is a neighbour of two economic giants -- India and China, he added.

Bangladesh can be benefitted from these two growing economies by building roads, railway and strengthening IT related connectivity, he said.

Cross-border relations will have to improve so that goods do not remain stuck at the border or commuters do not need to change transport to pass the border, he said.

Improving connectivity with these two countries will reduce the cost of doing business, Bhattacharya added.

The economist said Brexit and the Trump issue prevailed throughout 2016, but 2017 is completely unpredictable. If this unpredictability remains, every country will focus on local policies in a responsible manner, he added.

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

www.mutualtrustbank.com